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Quarles, James Addison

The Free coinage of silver

[Staunton, Va.?)

[1896?]

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THE FREE COINAGE OF SILVER.

I.—Some Preliminary Facts.

[By Rev. James A. Quarles, D. D., LL. D., of Washington and Lee University.]

The Bryan Democrats, the silver Republicans, and the Populists advocate the free, unlimited, and independent coinage of full legal tender silver at the ratio of 16 to 1; the Palmer Democrats and the McKinley Republicans oppose it.

Let us see exactly what these terms mean.

"Free" coinage of silver means that those who take their silver bullion to any of the mints of the United States shall have it coined for them without charge. It may be well to state here that there is no objection made to this. It is generally recognized that coin is for the public use, and should therefore be made at the public expense.

"Unlimited" coinage of silver means that there shall be no limit as to the persons who shall have the privilege of the free coinage of their silver; that not only any citizen of this country but any foreigner shall have his bullion made into United States silver dollars, should he offer it at the mints. "Unlimited" coinage of silver also, and specially, means that there shall be no limit to the amount of silver bullion which shall be made into United States silver dollars. However small or however large the quantity offered, it must be accepted and coined; whether one dollar or one billion dollars in value. Sometimes "unrestricted" is used instead of "unlimited," with the same meaning.

"Independent" coinage of silver means that the United States shall act independently of all other countries in the coinage of silver dollars. If other nations choose to coin un-

limited or limited quantities of silver, very well; if they choose to coin no silver, equally well; the United States, without regard to what others may do, shall coin all the silver presented to their mints.

"Legal tender" silver means that the silver dollars coined shall be money with which debts may lawfully be paid; money that a creditor will be compelled to receive, or else forfeit his claim. "Full" legal tender means that the silver dollars coined may be lawfully used to pay any kind of a debt, past, present, future, public or private, and to any amount however large.

"The ratio of 16 to 1" means that there shall be sixteen times as many grains of silver put into a United States silver dollar as there are of gold put into a United States gold dollar; sixteen dollars in gold shall weigh the same as one dollar in silver.

It is proper to state that there is no dispute as to the meaning of the words; that both sides agree that the terms are used in the senses above given. Moreover, there is no question as to the fact that the United States from 1792 to 1873 allowed the free and unlimited coinage of full legal tender silver dollars at the ratio of 16 to 1; nor as to the fact that since 1873 the United States have not permitted the free and unlimited coinage of full legal tender silver dollars at the ratio of 16 to 1; nor as to the fact that the United States from 1792 to 1873 coined only \$8,031,238 in full legal tender silver dollars; nor as to the fact that since 1873 the United States have coined over \$430,000,000 in full legal tender silver dollars, besides issuing over \$126,000,000 in full legal tender silver bullion treasury notes; nor as to the fact that the United States, during this present year of 1896, have coined over \$11,000,-

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000 of full legal tender silver dollars; nor as to the fact that all these silver dollars, since 1834, have been coined at the ratio of 16 to 1; nor as to the fact that the first silver dollar ever coined by the United States had exactly the same quantity of pure silver in it as the last one. All these are facts of authentic government record, and are undisputed by any intelligent man.

There are facts which it may be well to state in this preliminary paper. By our first coinage law, in 1792, silver was rated at 15 grains to 1 of gold in our coins. This over valued silver, as 15 grains of silver bullion would not then buy one grain of gold in the market. In 1834, the ratio was changed to nearly 16 to 1, and has so continued until now. As the market was in 1834, this ratio undervalued silver, for one grain of gold would not then buy 16 grains of silver; nor would it do so until 1874, forty years later. In 1853, the coin silver, into the halves, quarters, dimes and half-dimes, was reduced from 412½ grains to the dollar to 384 grains, while the amount in the dollar coin was left unchanged. This was done to keep the small silver change money in circulation in this country; as before this debasement they were more valuable in Europe and were carried there. In 1863 both silver and gold went out of circulation in the United States except a small quantity on the Pacific coast, and were not used again until late in the year 1878; paper money was the exclusive currency during that period. When the law of 1873 was passed, there was no silver money of any kind used in this country, and had not been for ten years; and the silver of the silver dollar, was slightly more valuable than that in the gold dollar.

In 1878, the Bland-Allison act was passed under which \$378,166,793 full legal tender silver dollars were coined. In 1890, this act was repealed, and the Sherman Law substituted for it; under which nearly \$50,000,000 full legal tender silver dollars have been coined. We are now coining as many halves, quarters, dimes, nickels and cents as the demands of trade call for from bullion bought for that purpose by the government mints. We are also coining full legal tender silver dollars from the bullion purchased under the Sherman act of 1890. We allow the free and unlimited coinage of full legal tender gold coins; the mints coining all the gold that is offered them.

September 1, 1896, we had in the United States, full legal tender gold \$570,557,083; full legal tender silver dollars, \$434,502,041, full legal tender Sherman treasury notes, \$126,741,280; full legal tender greenbacks, \$346,681,016; total full legal tender money \$1,478,481,420; besides limited legal tender silver \$75,600,308, and non-legal tender national bank notes \$229,513,896; a grand total of \$1,783,704,584; all of which is current at 100 cents on the dollar.

JAS. A. QUARLES.
—*Stoughton Daily News*—

THE FREE COINAGE OF SILVER.

II. The Present Difficulty.

[By Rev. James A. Quarles, D. D. LL. D., of Washington and Lee University.]

Those who advocate the free, unlimited and independent coinage of full legal tender silver by the United States, at the ratio of 16 to 1, know that they are proposing a change in the policy of the government; as we abandoned that mode of silver coinage in 1873, and have not since re-

turned to it. They believe and assert that this change in 1873 was a mistake of a serious character, which has proved injurious to the country, and that, to rectify the ills caused by the abandonment of the free and unlimited coinage of silver in 1873, we should at once return to that policy. This is a clear issue, that the change from the free coinage of silver has brought injury is the basis of the plea of the Bryan Silver party. It contains two items; first, that the country has been since 1873 and still is in a state of suffering; and, second, that this suffering has been caused by ceasing to allow the free and unlimited coinage of full legal tender silver.

Let us see how far it is true, that the United States has suffered adversity since 1873. It is asserted and believed by the silver advocates, that prosperity has attended certain classes and sections of the United States since 1873, and that adversity has been the lot of other classes and sections of our common country; and that this inequality has been aggravated by the fact, that the rich classes and sections have been made richer, while the poor have been made poorer. To be more specific, the Bryan party says, that manufactures and commerce in the North and East have flourished, while the farmers and laborers of the South and West have languished.

This may be true, and so far as it is true, we should rejoice at the prosperity of the North and East, provided it is not at the expense of the South and West; and we should, in any event, lament the distress of the South and West. How far is it true? Unquestionably, manufacturers, bankers, merchants, carriers are, many of them, richer and more prosperous than are farmers and laborers. This

is due to the universality of competition on the part of farmers with each other, the small use they can make of machinery in their business, and to the lack of capital on the part of laborers. Let it be admitted, then, that farmers and laborers, as classes, are not so rich, nor so money-making as manufacturers and bankers; it may also be safely said, that this is not peculiar to this country, nor to the period since 1873; it has been always and is everywhere so.

Has the condition of farmers and laborers been worse since 1873? Have the South and West, the newer portions of our country, been especially distressed in the last twenty years? We shall look at the farmers first. Here we are told, that all farm produce has fallen in price since 1873. What are the facts? From the report of the Senate Finance committee, made in 1893, we learn that the average price of 223 articles of most common use declined in this country from 114.5 in 1873 to 91.7 in 1893. There was a general fall in prices. Mr. S. B. Swift gives the prices of six chief farm products in Indiana thus:

Pr bu.	1878-7.	1878-82.	1883-7.	1888-92.
Corn,	35.6	41.8	37	39.8
Oats,	29.6	31.6	28.8	35.2
Wheat,	95	102.6	79	87.2
Rye,	62.8	70.4	57.6	68
Potatoes,	53	60.6	50.8	59.4
Hay, ton,	9.31	9.47	8.21	9.54

These were prices at the farm. The Secretary of Agriculture, in his report for 1890, gives the following as the average Chicago prices:

	Corn.	Wheat.	Oats.
1861-1870, pr bu,	56c.	\$1.26	42c.
1871-1880, " 43½c.		1.10	33c.
1881-1890, " 42.7c.		.91	30c.

It seems to be true that the more important products of the farm have declined in price; while the minor articles, butter, eggs, poultry and

fruit, have about held their own. Horses have rapidly and seriously fallen in value.

We look now at the wages of the laborer, and we find that these have not decreased anywhere or in any occupation throughout the country. On the contrary, prior to the present depressed state of affairs since 1892, wages were never so high. This is true in Europe, and it is equally true here. Mr. Griffin, a standard authority, says that within the past half century wages have increased in Europe an average of about 70 per cent., with over two hours a day less work. The Aldrich report to the Senate in 1893 shows that wages in 1873 averaged 147.4, and had advanced in 1891 to an average of 168.6, both on the gold standard. The average wages of employees in the manufacturing industries were, by the census of 1880, about \$388; by the census of 1890, \$485.

Let us now examine as to the comparative prosperity of the South and West, on the one hand, and of the North and East, on the other. Mr. Mulhall, June 1895, *North American Review*, shows, from the several censuses of 1870 and 1890, that the New England States, from 1870 to 1890, increased in wealth something over 60 per cent.; and that the Middle States of New York, New Jersey, Pennsylvania, Delaware and Maryland, during the same period, increased about 88 per cent. This is the North and the East, embracing all the country north of the Potomac and east of the Alleghanies. During the same period the 13 Southern States increased more than 350 per cent.; the twelve Central Prairie States increased about 330 per cent.; and the Pacific or extreme Western States increased over 1,000 per cent. It is thus seen that the South and West since 1873 have

advanced in wealth on an average more than four times proportionally than have the North and East.

By the census of 1890, the average profits of manufactures in that year were about one-third less than they were in 1880. The general average of the dividends of all the national banks from March, 1884, to September, 1893, was to their capital and surplus only 2 9-10 per cent., to their capital alone 8 9-10 per cent.

The facts seem to be these, that most farm products since 1873 have declined in price; that wages have advanced; that the South and the West have increased in wealth much more rapidly than the North and East; and that the profits of capital have declined in ratio.

The only fact favorable to the contention of the Bryan silver party is the decline in farm products. In connection with this, it must be borne in mind that everything the farmer buys, except labor, has also declined from an average of 114.5 in 1873 to 91.7 in 1893. This is true of the money he borrows, of the freights he pays, of the machines he uses, of the groceries he eats, and of the clothes he wears. Moreover, they have, as a rule, declined more in proportion than have his products. The same quantity of wheat, corn, oats, hay, beef, mutton and pork will, with few exceptions, buy as much, and generally more, of dry goods, groceries, and farming implements than they would in 1873. Hon. R. Q. Mills, of Texas, a supporter of Mr. Bryan, and Professor Laughlin, of the University of Chicago, have shown by actual figures that this is so.

JAS. A. QUARLES.
—*Staunton Daily News*.

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